

October 1, 2016 – September 30, 2017

# Annual report of the Credit Union Advisory Council



October 1, 2016 – September 30, 2017

# Letter to the Director from Credit Union Advisory Council Chair and Vice Chair

Richard Cordray, Director  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, D.C. 20552

Dear Director Cordray,

On behalf of the membership of the Consumer Financial Protection Bureau's (CFPB or Bureau) Credit Union Advisory Council (CUAC or Council), we are honored to present our annual report, which details the activities and progress made during the past fiscal year.

This year marks the Bureau's sixth anniversary since opening its doors back in July 2011. It also marks the fifth anniversary since the CUAC's first inaugural meeting on October 11, 2012. In that short timeframe, the CUAC has been busy providing the Bureau with cross-industry expert advice on a variety of consumer financial issues and emerging market trends. The CUAC is proud of the role it continues to play in helping the Bureau achieve its mission to protect consumers and make consumer financial markets work for everyone.

During the course of this year, the CUAC met in person twice and held 15 subcommittee engagements. Through the CUAC's subcommittees -- the Card, Payment, and Deposit Markets subcommittee; the Consumer Lending subcommittee; and the Mortgages and Small Business Lending Markets subcommittee -- the CUAC has continued to engage meaningfully with each other and Bureau staff through in-person meetings and conference calls, providing our individual perspectives on the ongoing work of the CFPB.

Our subcommittees focused on identifying key observations and principles for regulation on a range of topics, such as the Bureau's debt collection Small Business Regulatory Enforcement Fairness Act (SBREFA) proposals, the housing counseling industry, overdraft, consumer-focused shopping tools, consumer reporting and the use of alternative data, reverse mortgage servicing practices, loss mitigation efforts, student lending, improving consumer access to checking accounts, small business lending, and auto lending. As Chair and Vice Chair, we

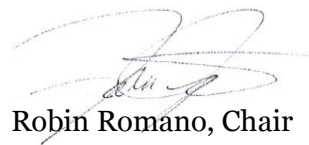
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worked closely with CUAC members to ensure that the focus of CUAC discussions – subcommittee and full CUAC meetings – reflected Council member interests and issues relevant to the Bureau's agenda.

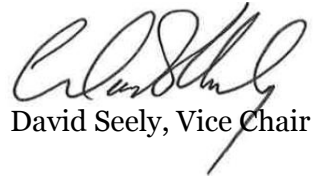
In accordance with the Federal Advisory Committee Act (FACA) regulations, this annual report provides detail about the CUAC's subcommittee discussions, as the larger CUAC's discussions were open to the public and are reflected in summaries posted to [consumerfinance.gov](http://consumerfinance.gov).

Thank you for the opportunity to serve consumers through the CUAC. We look forward to the coming year and continuing to fulfill our shared mission of protecting consumers in the financial marketplace.

Sincerely,

A handwritten signature in black ink, appearing to read "Robin Romano", with a stylized flourish above it.

Robin Romano, Chair

A handwritten signature in black ink, appearing to read "David Seely", with a stylized flourish above it.

David Seely, Vice Chair

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# 1. Executive summary

The Consumer Financial Protection Bureau (CFPB or Bureau) is the nation's first federal agency focused solely on consumer financial protection.<sup>1</sup> The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) created the CFPB to protect consumers of financial products and services and to encourage the fair and competitive operation of consumer financial markets.

The Dodd-Frank Act required the Bureau's Director to establish a Credit Union Advisory Council to advise and consult with the Bureau. Accordingly, the Consumer Financial Protection Bureau's Credit Union Advisory Council (CUAC or Council) was chartered and established in September 2012. The CFPB does not have supervisory authority regarding credit unions and depository institutions with total assets of \$10 billion or less. As a result, the CFPB does not have regular contact with these institutions, and it would, therefore, be beneficial to create a mechanism to ensure that their unique perspectives are shared with the Bureau.

The Council fills this gap by providing an interactive dialogue and exchange of ideas and experiences between credit union employees and Bureau staff. The Council shall advise generally on the Bureau's regulation of consumer financial products or services and other topics assigned to it by the Director. To carry out the Council's purpose, the scope of its activities shall include providing information, analysis, and recommendations to the Bureau. The output of Council meetings should serve to better inform the CFPB's policy development, rulemaking, and engagement functions.

In fulfillment of its responsibility as articulated in requirements of the Federal Advisory Committee Act (FACA), the CFPB's Credit Union Advisory Council is pleased to present its Annual Report to the Director. This report primarily summarizes the activities and progress of the Council's subcommittee meetings held over the last reporting year, October 2016 to September 2017. The discussion portion of the report is divided into sections aligned with the CUAC's responsibilities, pursuant to its charter and the report also includes, in Appendix B, separate written statements submitted by Council members relating to the report.

In this last reporting year, the Credit Union Advisory Council:

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<sup>1</sup> Previously, seven different federal agencies were responsible for rulemaking, supervision, and enforcement relating to consumer financial protection. The agencies which previously administered statutes transferred to the Bureau are the Board of Governors of the Federal Reserve System (Federal Reserve, Federal Reserve Board, or Federal Reserve Board System), Department of Housing and Urban Development (HUD), Federal Deposit Insurance Corporation (FDIC), Federal Trade Commission (FTC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), and Office of Thrift Supervision (OTS).

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- Held two meetings – September 2016 and March 2017 in Washington, D.C.
- Organized three policy subcommittees, which have each met approximately 15 times:
  - Cards, Payments, and Deposits Subcommittee;
  - Consumer Lending Subcommittee; and
  - Mortgages and Small Business Lending Markets Subcommittee.
- Examined and discussed a variety of topics and issues including:
  - Trends and themes in financial services;
  - Home Mortgage Disclosure Act database and rulemaking;
  - Know Before You Owe (TILA-RESPA Integrated Disclosures);
  - Mortgage settlement booklet;
  - Marketing services agreements;
  - Arbitration;
  - Overdraft;
  - Marketplace lending;
  - Financial education;
  - FOIA and ethics review;
  - Credit invisible consumers;
  - Small dollar lending;
  - Innovation in financial technology;
  - Debt collection;
  - Student lending; and
  - Consumer complaint operations.

Detailed summaries of the above topics discussed during full Council meetings can be found at <https://www.consumerfinance.gov/about-us/advisory-groups/>.

This report fulfills the Credit Union Advisory Council's obligation under the Federal Advisory Committee Act (FACA) to submit an annual report to the Director.



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Credit Union Advisory Council meeting in Washington, DC held on March 30, 2017.

## 2. Role of the Credit Union Advisory Council

Section 1012(a) of the Dodd-Frank Act states:

Pursuant to the executive and administrative powers conferred on the Consumer Financial Protection Bureau (CFPB or Bureau) by Section 1012 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Director established the Credit Union Advisory Council to consult with the Bureau in the exercise of its functions under the federal consumer financial laws as they pertain to community banks with total assets of \$10 billion or less.<sup>2</sup>

The Credit Union Advisory Council provides feedback on a range of topics, including consumer engagement, policy development, and research. The CUAC consults on a variety of cross-cutting topics, reports on meetings, and provides minutes and/or summaries of their meetings. Members of the Bureau's Council serve for limited, specified terms.



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Credit Union Advisory Council group photo in Washington, DC September 1, 2016.

### 3. Subcommittees

Based on the success of the previous year's CUAC Subcommittees, the CUAC again organized subcommittees as authorized by Section 13 of the CUAC charter, which outlines that the Council may establish and dissolve subcommittees, in consultation with the Bureau. Any subcommittees shall report back to the Council and may include as participants individuals who are members of the Council or staff of the Bureau. Subcommittees may, from time to time, call on individuals who are not members of the Council or staff of the Bureau, for the sole purpose of providing specific domain expertise and knowledge. The subcommittees, if any, may not provide advice or work products directly to the Bureau.

The charter directs that each subcommittee will be led by a subcommittee Chairperson who shall be appointed and may be removed by the Chairperson of the CUAC. CUAC subcommittees will be called by the subcommittee Chairperson and shall be conducted via teleconference unless the Bureau's staff and subcommittee Chairperson determine that an in-person meeting is necessary.

Following the process outlined in the CUAC charter and bylaws, members of like expertise and background are organized into three subcommittees: Card, Payments, and Deposit Markets; Consumer Lending; and Mortgages. The schedule of CUAC subcommittee meetings follows below.

<b>Credit Union Advisory Council Subcommittee Meetings</b> <b>[This table includes in-person meetings]</b>		
<b>Cards, Payments, and Deposit Markets</b>	<b>Consumer Lending</b>	<b>Mortgages and Small Business Lending Markets Subcommittee</b>
October 20, 2016	October 6, 2016	October 4, 2016
February 14, 2017	February 16, 2017	February 21, 2017
March 30, 2017	March 30, 2017	March 30, 2017
May 22, 2017	May 11, 2017	May 16, 2017
September 7, 2017	September 7, 2017	September 7, 2017

In October 2016, each subcommittee chair led a process to identify subcommittee priorities, including issues about which subcommittee members wished to learn more, identifying and highlight trends, and raising issues with Bureau staff members. The reporting year's priorities are outlined below.



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- Cards, Payments, and Deposit Markets  
The Cards, Payments, and Deposit Markets Subcommittee focused on work relating to overdraft, prepaid, payment networks, data aggregators, and faster payments.
- Consumer Lending  
The Consumer Lending Subcommittee focused on work relating to the Bureau's debt collection SBREFA proposals, the auto-lending marketplace, the Bureau's request for information on alternative data, and the student-lending marketplace and it received a briefing on the Bureau's report on older consumers and student loan debt by State report.
- Mortgages and Small Business Lending Markets  
The Mortgages and Small Business Lending Markets subcommittee focused on work relating to mortgage servicing, Know Before You Owe Mortgage Disclosure (KBYO), regulatory burden, Home Mortgage Disclosure Act (HMDA) implementation, and small business lending data collection.

Over the course of the year, all of the subcommittees made progress on their agendas. What follows are summaries of the reporting year's CUAC Subcommittees' work.

## Cards, Payments, and Deposit Markets Subcommittee

The Cards, Payments, and Deposit Markets Subcommittee met five times between October 2016 and September 2017, twice in person as part of CUAC meetings and three times by phone. During this timeframe, the subcommittee discussed important topics in the consumer financial marketplace such as overdraft, prepaid, payment networks, data aggregators, and faster payments.

From October 2016 to January 2017, the subcommittee spent three meetings focused primarily on overdraft, trial disclosures, and prepaid. The subcommittee shared best practices for overdraft programs. Next, the subcommittee discussed major issues credit unions face with vendors in the cards and payments area. Outside vendors provide helpful products for consumers, but they often dictate the terms of the relationship and retain the information they collect. CFPB staff asked if credit unions could develop these products themselves. Subcommittee members agreed that it would be time-consuming and prohibitively expensive.

CFPB staff asked the subcommittee members about their experience with the new EMV chip cards. Several subcommittee members responded that while the cards hold the promise of increased fraud prevention, the benefits are yet to be fully seen and that instances of card fraud

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are actually up. Credit unions are finding new ways to combat fraud, and although rolling out new cards in the wake of security breaches is expensive, the anticipated benefits should make the programs worthwhile.

In February the, Card, Payment, and Deposit markets subcommittee received a briefing on the Bureau's October 2016, prepaid accounts final rule. From March to May, the subcommittee received an in-depth review of the Federal Reserve's Faster Payments Task Force and peer-to-peer payments. Staff discussed the conversations that the Task Force has had to accelerate the development of faster payments in the United States. The Bureau and several industry participants agree that the Bureau should offer clear guidance about what will be in the best interest of the consumers so that industry participants can build the new systems accordingly. Notably, in July 2015, the Bureau put out the Consumer Protection Principles to inform these developmental efforts.

The Task Force developed and published the Faster Payments Effectiveness Criteria. It received 23 proposals which went through an evaluation process by an independent third party. The Task Force published a final report in the summer of 2017, which covered: (1) the proposals evaluated; (2) what the Task Force has learned; and (3) their recommendations. Subcommittee members asked why the Federal Reserve has not built its own faster payments system. Members and staff discussed why the Federal Reserve did not build its own faster payments system. Members and staff discussed the potential privacy issues of faster payment systems. Members and staff also discussed settlement issues in both current and faster payment systems.

Additionally, staff presented information on the peer-to-peer market. They noted that there are a variety of entities offering peer-to-peer transaction services, most of which are free. Areas of concern that were brought up in the meeting included: (1) lack of clarity regarding an entity's consumer protections; and (2) how the transactions operate. Staff offered to provide more information on protections at the committee's next meeting.

## Consumer Lending Subcommittee

The Consumer Lending subcommittee met five times between October 1, 2016, and September 30, 2017, two in person as part of CUAC meetings and three times by phone. During this timeframe, the subcommittee discussed important topics in the consumer financial marketplace such as the Bureau's debt collection SBREFA proposals, the auto lending marketplace, the Bureau's request for Information on alternative data, and the student lending marketplace, and it received a briefing on the Bureau's report on older consumer and student loan debt.

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In October 2016, the subcommittee met to discuss the Bureau's debt collection Small Business Regulatory Enforcement Fairness Act (SBREFA) proposals. Bureau staff provided a detailed briefing on the contents of the proposals and then subcommittee members provided feedback. Members seem to agree that they think overall these proposals are good for consumers but some of the limitations on the number of calls could be overly restrictive. A member noted that one of the unintended consequences of the proposal is the potential for an increase of additional legal action being taken by the collector on the consumer as they will be limited in their options for attempting to recover the debt. Members noted that often they provide a consumer with a unique membership ID, which ties to all of the consumer's accounts within their credit union, whereas most banks issue unique account numbers for each loan and/or deposit account held by an individual consumer. The proposals limit collection attempts for each individual account, and members would like the Bureau to define what the term account means in the final rule so that it isn't confused with the unique ID some assign to consumers. In regards to the model forms, a member highlighted that her credit union provides a large number of loans to consumers who are non-citizens. The litigation requirement on the notice may inadvertently worry those consumers given their citizenship status.

At the subcommittee's February 2017 meeting, members turned their focus to the auto lending marketplace. Members noted that add-on products continue to be charged higher rates at the dealership when credit unions could be offering them directly to consumers at a much lower cost. Some members highlighted that they are seeing an increase in ultra-low mileage leases in their markets. These types of leases can be confusing and consumers often drive over the mileage resulting in excess mileage fees at the end of their lease. Other members noted that they are beginning to see a shift in their markets regarding dealers shifting to flat fees versus markups. Those members noted that as consumer awareness rose about markups dealers found it difficult to explain to consumers.

Then, in March 2017, the subcommittee discussed the Bureau's request for information on alternative data. CUAC members discussed what types of data and information credit unions typically use and to what extent credit unions look beyond the information provided on credit reports. Members stated that they often look at compensating factors and soft data to fill in credit history gaps, but this data is not always reliable or easily accessible. Such data can include: (1) a customer's saving habits; (2) whether or not the customer pay bills on time; (3) the customer's history with the institution; and (4) the customer's purpose for a loan. Some members noted that they believe credit-scoring models are safer from an Equal Credit Opportunity Act perspective, whereas alternative sources of data may not be. They continued that using alternative data in a cost-efficient manner can be difficult to do on a larger scale.

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Several members stated that they tend to use alternative data sources as an option for established customers rather than advertising it as a way to obtain new customers. Additionally, members agreed that they would reexamine their underwriting policies if a reliable and accurate alternative data source was identified.

At the subcommittee's May 2017 meeting, members discussed current issues in the student lending marketplace. Members noted that the levels of debt young consumers are taking on for student loans might be delaying their ability to buy homes and other important products. Some members encouraged the Bureau to require private student lenders to provide a monthly payment disclosure before disbursement of the consumer's student loans. Many members stated that they offer financial counseling services to consumers today and that they could play a role in helping consumers understand how much student loan debt they are about to take on by incorporating a lot of the Bureau's educational resources into their own programs.

Finally, in September 2017, the subcommittee held its final meeting of the fiscal year. Members welcomed newly appointed CUAC members to the subcommittee and spent time planning topics they might want to discuss in the coming year. Additionally, the subcommittee received a briefing on the Bureau's older consumer and student loan debt.

## Mortgages and Small Business Lending Markets Subcommittee

The Mortgages Subcommittee met five times between October 2016 and September 2017, two in person as part of CUAC meetings and four times by phone. Subcommittee membership changed in October 2016 to account for newly appointed members. During this timeframe, the subcommittee discussed important topics in the residential mortgage marketplace and small business lending markets such as mortgage servicing, Know Before You Owe Mortgage Disclosure (KBYO), regulatory burden conversations, Home Mortgage Disclosure Act (HMDA) implementation, and small business lending data collection.

From October 2016 to January 2017, the subcommittee focused primarily on HMDA regulatory implementation and mortgage origination. During these interactions, members shared their institutions' HMDA implementation status and operational updates. Members requested that the Bureau considers the overall regulatory landscape when finalizing a rule. Credit unions have several regulators that they are subject to and the compliance burden is great for these smaller institutions. Members also noted that updating HMDA vendors is not an easy process and can

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be very time-consuming. There are regulatory requirements for vetting and selecting a vendor. Once a selection is made, the contract negotiation and implementation processes can be lengthy. By virtue of their smaller size, credit unions also struggle with efforts to draw vendors' attention away from larger producers.

In regards to Know Before You Owe (KBYO/TRID), members reminded the Bureau that there is still confusion with closing agents as to when signatures are required on various loan documents. Some closing agents are having every form signed by consumers out of fear of non-compliance; this slows the closing process for our members.

From February 2017 to May 2017, the subcommittee focused on HMDA and mortgage origination. In regards to HMDA, members expressed some frustration with vendor communications and delays in implementation timelines. Members noted that because many credit unions utilize different systems for mortgage and home equity originations, they are also dealing with issues related to aggregating the data into a single HMDA file. In some instances, the lack of resources makes it harder to implement.

Realtors are pushing back and demanding faster loan closings due to non-bank competitors closing loans in less than 4 weeks. There are concerns about potential shortcuts which could undermine consumer protections under KBYO. In regards to new mortgage products, there are concerns with high LTV products such as Quicken's 99% LTV and GSE's 97% LTV (HomeReady). Consumers have no skin in the game, reminiscent of the 2007-08 housing markets before the crisis. High LTV loans are more prevalent, as they are the vehicle to compete with FHA and USDA loans. Title companies are still interpreting the KBYO rule differently and they are requiring that lenders comply with their interpretation; creating consumer confusion and closing delays. Small settlement companies that do not specialize in residential transactions are still struggling with KBYO closing execution.

The appraiser industry still faces challenges. In some regions of the country, there is a supply and demand issue with certified appraisers. Appraisers are exiting the industry due to regulations and we have not seen younger appraisers entering this space. It is tough to find a reputable appraiser who can provide a fair valuation in a timely manner. Closings are delayed and some members get frustrated and cancel their loan applications. This issue concerns subcommittee members, as this may impact access to credit for low to moderate-income families.

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From June 2017 to September 2017, the subcommittee focused on the Bureau's work on small business lending data collection under the Section 1071 of the Dodd-Frank Act, mortgage servicing, and regulatory burden discussions. In addition, new members joined the subcommittee and subcommittee leadership transitions took place. Members are interested in engaging the Bureau in more productive small business lending data collection conversations and are looking forward to connecting with staff during the upcoming policy meetings. Some members reported that data collection in the small business lending space would be extremely difficult for credit unions and that this will represent an additional burden to smaller credit unions and might force some institutions out of the small business lending space. Some credit unions have membership restrictions that control the way they lend in the small business lending space; limiting their abilities to lend to larger pools.

The Subcommittee Chair reminded the members of the importance of collaborating and contributing to proactive feedback during the ongoing qualified mortgage, ability to repay and mortgage servicing rules. It is essential for the membership to opine and advise the Bureau about how these rules are impacting lending, and consequently hurting consumers' access to credit. In August 2017, Subcommittee Chair, Katey Proefke transferred the leadership roles to the new Subcommittee Chair, Greg Higgins.

In September 2017, the subcommittee closed the reporting year by focusing on regulatory burden conversations and interacting with Bureau staff regarding small business lending. Members reminded staff that the Bureau's mortgage rules have an impact on the process, consumers and operational costs. Members noted that credit unions have eliminated certain mortgage products due to regulatory burden; there is a concern about the potential impact of the Small Business Lending rulemaking and the financial markets. Members recommend that the Bureau study how existing rules affects access to credit, potentially during the ongoing mortgage assessments period. Members encourage the Bureau to look at the regulatory landscape, including other state and prudential regulators regulatory agendas, as these rules, combined with other Bureau rulemakings, could become a heavy burden for smaller financial institutions. Members note that spacing these rules out could be beneficial, reduce excessive burden, and provide more flexibility.

In regards to small business lending data collection, members reminded the Bureau that potentially, using existing HMDA platforms and systems during these data collection efforts could reduce regulatory burden. Members hope the Bureau considers this option, as these commercial systems do not connect with their consumer systems. Members note that credit

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unions are anxious about these requirements and ask the Bureau to provide some sort of regulatory timeline if possible. There are concerns regarding any future rulemaking on small business lending data collection and the implications on small business lending markets such as whether the Bureau has decided on the number of statutory data elements that will be collected once the rule is implemented? Members' core -systems require new plugins and monetary investments in order to operate, similar to HMDA implementation.

## 4. Conclusion

In closing, in its third year, the Credit Union Advisory Council has continued to share vital advice, expertise, and technical information to the Bureau and its staff. CUAC members would like to thank the Consumer Financial Protection Bureau for the chance to help further the Bureau's mission of helping to make markets for consumer financial products and services work for Americans. This joint report and attached individual remarks are presented in the spirit of cooperation and collaboration.



## APPENDIX A:

# Credit Union Advisory Council Biographies<sup>3</sup>

**Chairperson Robin Romano** currently serves as Chief Executive Officer of MariSol Federal Credit Union, a CDFI in Phoenix, Arizona. She has been at MFCU for over 17 years. Previously Ms. Romano served as a Principal Examiner for National Credit Union Administration (NCUA) for over 7 years. Prior to NCUA, she was the Loan Manager for Western Horizons Federal Credit Union in Mesa, AZ. Ms. Romano is active in her community serving on several non-profit boards and even teaching financial education in the Maricopa County jail system. Ms. Romano currently serves as Board Secretary for Federation of Community Development Credit Unions.

**Vice Chairperson David Seely** has led Kirtland Federal Credit Union in Albuquerque, New Mexico as President and CEO since 1990. The credit union has over \$750 million in assets and serves more than 47 thousand members. His industry and community activities include serving as chairman of CU Anytime, LLC and CU ATM Services, LLC, as vice chair of Kirtland Partnership Committee, and on the boards of the Greater Albuquerque Chamber of Commerce, United Way of Central New Mexico, and DataPrint Services, LLC. He is the past chairman and former board member of Quality New Mexico, Albuquerque Economic Forum, Rotary Club of Albuquerque Del Sol, and Roadrunner Food Bank.

**Daniel Berry** is CEO of Duke University Federal Credit Union which has \$130 million in assets and serves the financial needs of over 15,000 members. In 2008, he was selected by the National Association of Federal Credit Unions as “Professional of the Year” for his asset category. Mr. Berry has served a variety of credit union-related organizations. He is currently serving on the Supervisory Committee of Latino Community Credit Union, Credit Committee of First Carolina Corporate Credit Union, Regulatory Committee of the National Association of Federal Credit Unions, Board of Management Association of Carolinas Credit Unions, and Board of Education Credit Union Council. He is also active in his church.

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<sup>3</sup> Credit Union Advisory Council biographies reflect the membership of the CUAC between September 2016 and September 2017.

**Gail DeBoer** is President and CEO of SAC Federal Credit Union, the largest credit union in Nebraska. She began her credit union career at SAC FCU in 1988, holding several positions before becoming President/CEO in 2007. Under her leadership, SAC FCU has seen assets grow from \$312 million to over \$860 million and total membership grew to over 98,000. DeBoer currently serves on the NAFCU Legislative Committee, Boards of the Women's Fund of Greater Omaha, the Greater Omaha Chamber of Commerce, and the Omaha Ethics Alliance, to name a few. She has been honored with many awards and recognitions over her career such as NAFCU's CEO of the Year Award and most recently a 2015 Women's Center for Advancement (WCA) Tribute to Women Honoree. Gail's community involvement represents both her commitment to the community and to the credit union philosophy of "People Helping People."

**Robert "Bob" Donley** has been the Executive Vice President of Members Credit Union since July 1, 1995, and has been a member of the Board of Directors of Members Credit Union since March 1996. As the Executive Vice President, Mr. Donley has direct supervision of Branch Operations, Collections, Human Resources, Information Technology, Member Services, Lending and is Chairman of the Asset & Liabilities Committee. Members Credit Union has 18 North Carolina branches, has total assets of approximately \$273 million and serves over 52,000 members located all across the United States.

**Patrick F. Harrigan** is the Chief Risk Officer and General Counsel for Service Credit Union, the largest New Hampshire state-chartered financial institution, with more than 220,000 members and nearly \$3 billion in assets, headquartered in Portsmouth, New Hampshire. Mr. Harrigan joined Service Credit Union in February of 2010 as the Vice President of Regulatory Compliance and General Counsel and became the Chief Risk Officer and General Counsel in November of 2015. Before joining the credit union Mr. Harrigan served as a Director of Service Credit Union for over five years and on the credit union's Credit and Supervisory Committees. Mr. Harrigan also currently serves on NAFCU's Regulatory Committee and the CO-OP Association's Legislative Committee.

**Gregory W. Higgins** is Senior Vice President/Chief Administration Officer/General Counsel of Wings Financial Credit Union, a \$4.1 billion institution headquartered in Apple Valley, Minnesota. Prior to joining the credit union, Mr. Higgins was a partner in a Fort Worth, Texas law firm, where he represented clients in real estate, lending, and corporate matters. Prior to his tenure with the law firm, Mr. Higgins was general counsel for a financial institution in Fort Worth, Texas.

**Maria A. LaVelle** is the Chief Executive Officer of Westmoreland Community Federal Credit Union. She has been the CEO of the credit union for the past fourteen years. The credit union currently serves over 14,000 members with \$66 million in assets. Mrs. LaVelle is currently serving as the Chairman of the Pennsylvania Credit Union Foundation. She served as Chairman of the Pennsylvania Credit Union Association from 2013-2015 and the Vice-Chairman from 2011-2013. Mrs. LaVelle has also served as the President of the Greensburg Chapter of Credit Unions.

**Ricardo Ledezma** currently serves as the Corporate Compliance Assurance Manager for San Antonio Federal Credit Union (SACU), a Low-Income Designated Credit Union which serves over 250,000 members nationwide and holds over \$2.7 billion in assets. Mr. Ledezma has over 17 years of financial services experience with both credit unions and community banks. Mr. Ledezma also served as the Internal Controls Manager for SACU's Manufactured Housing Division serving low-to-moderate income members nationwide. Mr. Ledezma

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served on the Board of Directors from 2010-2012 for the Alamo Chapter of Credit Unions, a sub-chapter of the Corner Stone Credit Union League.

**Faith Lleva Anderson** is the Senior Vice President & General Counsel for American Airlines Federal Credit Union based out of Fort Worth, Texas. The credit union serves more than 263,000 member-owners located throughout the United States and has over \$6.1 billion in assets. Anderson is currently Vice-Chair of CUNA's Consumer Protection Subcommittee, a member of NAFCU's Legislative Committee and Chair of Cornerstone Credit Union League's Regulatory Subcommittee. She has served as Chair of the American Bar Association Business Law Section's Credit Unions Committee. Anderson also previously served as the sole credit union representative for the Federal Reserve Board's Consumer Advisory Council. Prior to joining the credit union, she was in private practice and a former Chapter 7 bankruptcy trustee.

**Sarah Marshall** currently serves as the CEO of North Side Community Federal Credit Union in Chicago, IL. North Side Community Federal Credit Union is small-asset sized CDFI credit union, serving over 3200 members and holding \$8.4 million in assets. Over its history, the credit union has launched a number of progressive products to meet the needs of underserved communities. Sarah holds an MBA from North Park University with a concentration in community development, and a CCUE certification from CUNA. She is active in her community, serving on various boards and committees that support the expansion of financial access and inclusion.

**Dayatra T. Matthews** is Senior Vice President of Legal and Compliance at Local Government Federal Credit Union, a \$1.6 billion credit union in Raleigh North Carolina. Prior to joining the Credit Union, Ms. Matthews was a partner in a civil defense law firm in Raleigh where she represented insurance companies, lenders, mortgage servicers and individuals at both the trial and appellate levels in state and federal court. Ms. Matthews currently serves as President-Elect of the North Carolina Association of Defense Attorneys, is a member of the Board of Directors of the Wake County Bar Association, Past-President of the Capital City Lawyers Association, and current Secretary and Board Member of EarthShare North Carolina. Additionally, Ms. Matthews is a fierce proponent of community advocacy and service, volunteering her time over the last 10 years as an "on-call" pro-bono attorney and law student supervising attorney for Legal Aid of North Carolina, a state-wide non-profit organization that provides free legal services in civil matters to low-income residents of North Carolina.

**Amy Nelson** is President and CEO of Point West Credit Union, a \$97 million community chartered CDFI, serving the Portland-Metro area in Oregon. In recent years with Amy's leadership, the credit union received its Low-Income Designation (LID) from the NCUA, and Juntos Avanzamos Designation, demonstrating Point West's commitment to serving and empowering Hispanic and non-citizen consumers. Ms. Nelson engages in credit union political advocacy work via the Northwest Credit Union Association, serving on regulatory advocacy and political advocacy committees. Amy is actively involved in her community, serving as Board Member and Classroom Educator for Portland-based financial literacy non-profit, Financial Beginnings. Prior to joining Point West, Ms. Nelson specialized in human resources at Advantis Credit Union, and currently maintains her certification as a Senior Professional in Human Resources (SPHR).

**Carrie O'Connor** currently serves as the Chief Lending Officer for CommunityAmerica Credit Union, a community credit union based in Lenexa, KS and serving the Kansas City metro, where she is responsible for developing and driving the strategic vision for all areas of lending, credit/debit cards, and collections. The Credit Union serves more than 200,000 members and offers financial solutions for both individuals and businesses within its field of membership. Ms. O'Connor has been with CommunityAmerica for four years and previously served at Summit Credit Union in Madison, WI for nearly 20 years. Additionally, she has served on a variety of boards and advisory councils throughout her career, including her service as President of Center for Families, a high-impact nonprofit committed to partnering with parents to strengthen families, Member of WWBIC's Advisory Board, a CDFI focused on helping women and minorities achieve their financial goals and dreams through entrepreneurship, and Vice President of the Madison Area Chapter of Credit Unions.

**Thomas O'Shea** currently serves as President/CEO of Aspire FCU based in Clark, NJ. Mr. O'Shea has been at Aspire since 2005. Aspire serves the employees of over 200 companies and has more than 25,000 members located in all fifty states. Previously Mr. O'Shea was President/CEO of Raritan Bay FCU for 17 years. Raritan Bay is a community-charted credit union in central New Jersey. He was awarded the New Jersey Credit Union League "CEO of the Year" award in 2008, and the Leagues "Distinguished Service Award" in 1998. He was also the Sayreville, NJ Chamber of Commerce Business Leader of the Year in 1997. He received his Certified CU Executive designation in 1988. Mr. O'Shea is also a former board member of the NJ Credit Union League. His credit union career began in 1982.

**Katey Proefke** has been the Assistant Vice President, Compliance Officer for Chevron Federal Credit Union in Oakland, CA since 2008. Chevron serves over 106,000 members worldwide and holds over \$2.93 billion in assets. With over 30 years of experience in the industry, Ms. Proefke has been responsible for compliance with a number of financial institutions including San Francisco Federal Savings and World Savings. She currently serves as the Vice President of the Credit Union Compliance Professionals, an educational and networking organization for credit union compliance officers in southern California.

**James "Jim" Spradlin** is the President and CEO of Park Community Credit Union in Louisville, Kentucky. He has been with Park for over 20 years, previously holding several leadership positions in the organization including oversight of Lending, IT, and Finance. Park has over \$800 million in assets and is a progressive leader in innovative services to over 80,000 members. Mr. Spradlin currently serves as the Chairman of the Kentucky Credit Union Leagues PAC and is a member of the League's Governmental Affairs Committee and Emerging Leaders Committees. In addition, he has been involved in multiple local civic groups.

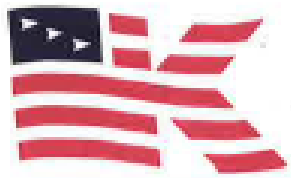
**Raynor Zillgitt** currently serves as Vice President of Risk Management & General Counsel for Lake Trust Credit Union. Lake Trust, headquartered in Brighton, Michigan, serves over 170,000 members and has assets in excess of \$1.7 billion. Prior to joining Lake Trust, Mr. Zillgitt was an equity shareholder in an East Lansing, Michigan law firm and specialized in financial institution law and real estate law. After graduating from law school, Mr. Zillgitt served as a law clerk in the United States District Court, Eastern District of Michigan for the Honorable Charles E. Binder.

October 1, 2016 – September 30, 2017

## APPENDIX B:

# Credit Union Advisory Council written statements

The following statements were submitted by CUAC members for the annual report:



# KIRTLAND

## FEDERAL CREDIT UNION

P. O. Box 80570  
Albuquerque, NM 87198  
Member Services (505) 254-4369  
Toll Free (800) 880-5328  
[www.kirtlandfcu.org](http://www.kirtlandfcu.org)

September 14, 2017

Director Richard Cordray  
Consumer Financial Protection Bureau  
Washington, D.C.

Dear Director Cordray,

It has been my privilege to serve as a member of the Credit Union Advisory Council (CUAC) for the past three years, and now be appointed to serve as Chair of the Council. The CUAC is made up of a diverse group of credit union leaders from across the country who all want to contribute to the success of the CFPB in its mission to protect consumers. Being involved with such a group and also working with the passionate professionals at the CFPB has been one of the highlights of my 43 year career in the credit union industry.

As you know, the work of the CFPB and the CUAC is far from finished. In fact, while much progress has been made over the past six years, much work still needs to be done if American consumers are to be better equipped to successfully navigate through the very complex financial marketplace. These consumers need a strong regulatory advocate, as Congress wisely provided in the Dodd-Frank Act, if American families are to reach their dreams of financial security and wellbeing.

Thank you for establishing councils representing both community banks and credit unions. Listening and responding to our input and feedback improves the CFPB's understanding of the consumers we serve and the effects of regulations in the markets we operate in on a daily basis. In a rather short period of time, you have created a very strong team of experts and a resilient culture of people caring deeply about the American consumers the Bureau protects.

I look forward to working with you and your team through the remainder of 2017 and into the next year.

Best regards,

David R. Seely  
President/CEO

*Your Wingman*

September 14, 2017

Director Richard Cordray  
Consumer Financial Protection Bureau  
Washington, D.C.

Dear Director Cordray:

I am humbled and honored to be a member of the CFPB's Credit Union Advisory Council. I am beginning my second year on the Council. It is also my privilege to serve as Chair of the Card, Payment and Deposit Markets Subcommittee this year. As the General Counsel and a 20-year employee of American Airlines Federal Credit Union, I am able to share my expertise on how regulations are implemented from an operational point of view and share any unintended consequences of a regulation that may have a negative impact on our members.

I believe it is important for credit union employees to be engaged with the CFPB as the CFPB promulgates consumer protection rules that affect our members and the credit union industry. It has been a very worthwhile experience serving on the Council. We are able to interact directly with you and you have been very generous with your time. I enjoy meeting with the CFPB's bright, professional and engaged staff. I feel privileged to learn about the new projects that the CFPB is working on when we meet. We have also used the excellent materials from the CFPB's website to educate members and staff.

You and your staff strive to understand the credit union difference and are open to constructive feedback. We have seen that the CFPB has listened to our input when you extended the effective date of the prepaid card regulation and temporarily increased the HMDA exemption for home equity lines of credit. Additionally, besides learning about other Council members' experiences with regulations, I have enjoyed the camaraderie and friendships that I have developed with them.

Thank you again for allowing credit unions that are less than \$10 billion in assets to serve on this Council. I believe that the CFPB, the Council members and the credit union industry as a whole have all benefited from the work of the Council.

Sincerely,



Faith L. Anderson  
SVP & General Counsel  
American Airlines Federal Credit Union



August 25, 2017

Director Richard Cordray  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

Dear Director Cordray,

It has been a privilege to serve as a member of the Credit Union Advisory Council (CUAC) for the past two years. Thank you for the opportunity to be a part of the ongoing conversations regarding consumer protection and regulation.

I have been very impressed with the professionalism of everyone who works for the CFPB. Their passion for the mission is evident. You should be very proud of the team you have built in such a short time.

During the past two years, I have learned a tremendous amount about the financial issues faced by many consumers today and the challenges of financial institutions to handle the new regulations. I was impressed with the open dialogue that occurred at every meeting.

I have truly enjoyed my time on the committee, meeting the members of the CUAC and getting to know the staff at the CFPB.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gail DeBoer".

Gail DeBoer  
President/CEO





## CORPORATE OFFICES

PO BOX 1268  
PORTSMOUTH, NH 03802-1268

September 14, 2017

Director Richard Cordray  
Consumer Financial Protection Bureau  
Washington, D.C.

Dear Director Cordray:

I have been privileged to serve on the Consumer Financial Protection Bureau's Credit Union Advisory Committee (CUAC) during the last year. I recognize and appreciate, as does my credit union and many others throughout the country, your well-considered decision to form the CUAC despite a lack of a statutory mandate to do so.

During my first year of service on the CUAC I have been very impressed by the highly talented, motivated, and professional staff and leaders you have assembled, and it is always a pleasure to work with your team. As I hoped, I have come to understand and better appreciate the underlying policy considerations and perspectives informing the CFPB's regulatory efforts, and seek opportunities to share that knowledge with other credit unions.

I recognize the role of a consumer advocate in a well-functioning free and fair market economy, the lack of which in the past has adversely affected many individuals and businesses who participate in that economy. While imperfect, the Dodd Frank Act sought to remedy that deficiency. I feel strongly that the CUAC brings great value to the CFPB by bridging the gap between the CFPB's strong policy and research knowledge and the practical realities and experience of managing a credit union. I appreciate how you and your CFPB team listen to and are interested in that practical credit union experience.

A natural tension will always exist between credit unions, the CFPB, and their respective perspectives. This tension is healthy and ideally should serve the CFPB, credit unions, and consumers well by leading to better informed regulations. In the end, I truly believe that the CFPB and credit unions want the best for consumers and their families. I appreciate the opportunity to work with you, your staff, and other credit union representatives to that end.

Very truly yours,

  
Mr. Patrick F. Harrigan  
Chief Risk Officer and General Counsel  
Service Credit Union



Executive Offices  
Telephone (603) 422-8300 • Fax (603) 422-8390  
3003 Lafayette Road • Portsmouth, NH 03801  
[www.servicecu.org](http://www.servicecu.org)



6061 W Interstate 10 San Antonio, TX 78201  
800-688-7228  
CreditHuman.com

September 14, 2017

Director Richard Cordray  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington DC 20552

Director Cordray,

Thank you for the opportunity to serve on the Credit Union Advisory Council and for the opportunity to provide advice on policy development regarding consumer protection and regulation. I have completed my first year on the Council.

My time on the council has provided insights about the passion of the Bureau staff towards fulfilling its mission of protecting consumers. I appreciated the conversations with you and your staff, they were dignifying and honest. At the heart, I believe that we both share similarities in our mission, to promote thrift and credit for provident purposes, specially for those of modest means by. This synergy, enables us to maintain an open and honest dialogue about regulations and how they may impact our mission.

Over this past year, I have been humbled by the breadth and knowledge that the Bureau staff possesses. Likewise, I have learned that the Bureau is eager to learn from credit unions and better understand that unique challenges that we face in serving our membership. I look forward to continue to serve on the Council.

In partnership,

Ricardo Ledezma  
Corporate Compliance Assurance Manager

October 1, 2016 – September 30, 2017



## North Side Community Federal Credit Union

*Helping you build your financial future*

Consumer Financial Protection Bureau  
1700 G St NW  
Washington DC, 20552

Dear Director Cordray,

Thank you providing the opportunity to sit on the Credit Union Advisory Council. I have been a member since September 2016, and the experience has been appreciated. It has given me the opportunity to better understand the thought process behind the agency's proposals and regulations. The fact that this council was created to broaden the perspective you receive is encouraging to me as a credit union industry leader. As a CEO of an \$8 million credit union with daily operations that are far removed from the type of institutions regulated by the CFPB, I am glad you are willing to listen to other voices. As a CEO of a CDFI credit union that serves predominately low-income and underserved members, I am glad that the agency is thoughtful in its regulation and takes seriously the work of protecting consumers.

I have come away from every meeting with new respect for the work the Bureau does, as well as insight that I can take back to my institution to improve our own operations. The task of the CFPB is not an easy one. It is difficult to manage the complexities of regulation that effects a vast range of institutions while protecting the interests of consumers. It is an important mission, and a necessary one. At our credit union, we have a front-row seat to the types of financial harm that can occur in the industry, whether intentionally or through lack of knowledge on the part of the consumer. We regularly help individuals out of predatory or harmful products so I cannot overstate how critical the work of the CFPB is to average consumers. I appreciate the professionalism of every member of the CFPB staff, as well as how seriously they take their work. Thank you for your leadership of this agency, and believe that significant progress has been made toward protecting and educating consumers through the hard work of the CFPB.

Sincerely,  
Sarah Marshall  
CEO



September 22, 2017

Director Richard Cordray  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

Dear Director Cordray,

It is my pleasure and honor to serve on the Credit Union Advisory Council. As I enter my third year of service on the Council, I can reflect back on the work of the Council and the CFPB with satisfaction and respect.

The Council is composed of engaged, motivated credit union professionals that seek to bring the 'credit union voice' to the table during CFPB rulemakings and deliberations. While the vast majority of credit unions are not directly regulated by the CFPB, their rules and guidance 'trickle down' to us through other agencies and directives.

I hope that by having a seat at the table my fellow council members and I are able to express our collective concerns and our operational and philosophical differences, compared to other financial institutions. Our intent is to positively influence the CFPB to consider the needs and limitations of small financial institutions and 'good actors' when developing and reviewing their rules and guidance.

It has also been enlightening to work and interact directly with CFPB staff. The team at the CFPB is comprised of professionals who truly want to help people and improve the financial lives of American citizens. To a person, they are professionals that are sincere and strive to stay true to their mission. Our goal is to balance their drive with the realities of our capabilities, our corporate structure that does not encourage nor reward bad behavior, and our volunteer-driven mission in the financial services marketplace. As small institutions owned and controlled by our members, credit unions are not the ones that created the financial meltdown, we don't pose system risk to the financial system, nor are we egregiously taking unfair advantage of our member-owners. I think the staff of the CFPB appreciates these differences and understands the benefits we bring to the market.

I look forward to continuing my service, keeping the credit union voice front and center at the CFPB and building on the professional relationships I've developed across the Council and the CFPB.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Th. O'Shea", written over a horizontal line.

Thomas J O'Shea  
President/CEO

67 Walnut Avenue, Suite 401, Clark, New Jersey 07066  
732-388-0477 • Fax 732-388-2062 • [www.AspireFCU.org](http://www.AspireFCU.org)